

# Iowa Public Employees' Retirement System IPERS

Administration and Regulation  
Joint Appropriations  
Subcommittee

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Mollie K. Anderson, IDOP Director

Legislative Liaison for IPERS  
Greg Cusack  
281-0024 (office)  
491-1373 (cell)  
[Greg.Cusack@idop.state.ia.us](mailto:Greg.Cusack@idop.state.ia.us)

[www.state.ia.us/ipers](http://www.state.ia.us/ipers)

## What is IPERS?

- The Iowa Public Employees' Retirement System (IPERS)
- The 61<sup>st</sup> largest pension fund (public and private) in the U. S.
- \$17 billion IPERS Trust Fund
- Over 312,000 members and beneficiaries which is more than 10% of the Iowa population
- Nearly 2,400 participating public employers
- Covers almost all public employees in Iowa
- Half of IPERS members are education employees

## What Does IPERS Do?

- Pumps nearly 1/2 billion dollars annually into the Iowa economy
- Pays additional millions of dollars in death benefits annually to beneficiaries of deceased members (**\$11,431,368 in FY 2000**)
- Counsels 7,500-8,000 members and prepares over 60,000 estimates of retirement benefits annually
- Answers between 90,000 and 100,000 phone calls from members annually
- Invests and safeguards \$17.0 billion in assets for members' retirement, death, and refund benefits
- Collects over \$410 million in contributions from employers and employees annually

# **IPERS Facts**

## **Funding**

- The IPERS Trust Fund is the ONLY source of funds for IPERS expenses
- The IPERS Trust Fund consists of contributions from public employees and public employers as well as investment assets
- For FY2000, the non-investment administrative expenses were .03% or three basis points of the total IPERS Trust Fund
- Other IPERS expenses, including benefit payments, refunds, and investment expenses are paid directly from the IPERS Trust Fund

## **Fiduciary Responsibility**

- IPERS is established for the exclusive benefit of its members and their beneficiaries
- IPERS executive staff are fiduciaries
- This budget request is in response to IPERS' fiduciary responsibility

## **IPERS Future**

- Total number of retirees will double in 12-15 years
- Benefit payment will grow to over \$1 billion
- Member expectations will continue to increase
- Retirement benefit complexity will continue to increase
- Retirees will live longer requiring more services and support

# Member Satisfaction and Performance Measurement

IPERS continually tracks every major aspect of our operations in order to adjust resource applications effectively, ensure the most efficient use of task skills, and accurately assess future resource needs. We are proud of our efforts in this area and offer the following as *examples* of this ongoing work.

- Our investment performance has outperformed 79% of other large (over \$1 billion in assets) public **funds** over one, three, and **five** year periods.
- Our investment *risk-adjusted* performance ranks IPERS in the top 6% of all public funds over that same one, three, and **five** year period.
- IPERS' respects member rights; we honor our **stewardship** obligations over their money. In 13 years, IPERS has not lost a **single** appeal of our benefit payment or eligibility decisions.
- 90% of our members report they are "very satisfied" with their counseling experience with us.
- 91% of employer representatives attending our training sessions (both in person and via the ICN) rated their training as "good" to "excellent".
- Our quality improvement goals include:
  - ✓ Improving our "answer rate" of phone calls from 60% within 40 seconds to 97% within 30 seconds.
  - ✓ Dramatically decreasing the "hang-up" rate of members who cannot get through to IPERS' staff in under two minutes.
  - ✓ Increasing the number of counseling sessions we provide around the state so that we no longer have to turn away between 20% and 30% of all wishing such a session.
  - ✓ Increasing our large seminar presentations to employer/employee groups from 40 per year to 50 per year.

# IPERS Overview

Iowa Taxpayers

**2,386 IPERS Participating Employers**  
*State, cities, counties, townships, schools, area agencies on aging, and state and local officials*

**312,315 IPERS Members**  
*Public Employees (not covered by other public retirement systems)*

**Legislature**  
*Plan Design*

**Governor and Executive Branch Agencies**  
*Plan Administration*

**Treasurer of State**  
*Fund Governance*

**IPERS Investment Board**  
*Policy-making Board*

*Investment Managers and Actuaries*

**Department of Personnel**  
*Director*

*Internal Auditor*

**Personnel Division**  
*Customer Service, Risk and Benefits, Labor Relations and Legal, and Communications and Research*

**Investments**  
*Chief Investment Officer*

**IPERS Division**

**Benefits**  
*Chief Benefits Officer*

*Constituent Committee*

*Shared personnel and infrastructure*

**Legal**  
*General Counsel*

**Operations**  
*Chief Operations Officer*

**Auditor of State**  
*Independent Accounting of Fund Use*

*All IPERS division staff are Merit-covered (78 -permanent status)*

Iowa Taxpayers

# Major Responsibilities - IPERS

<p style="text-align: center;"><b>BENEFIT POLICY AND ADMINISTRATION</b> Greg Cusack 281-0024</p>	<p style="text-align: center;"><b>INVESTMENT POLICY AND ADMINISTRATION</b> Kathy Comito 281-0030</p>	<p style="text-align: center;"><b>LEGAL AND COMMUNICATIONS</b> Gregg Schochenmaier 281-0054</p>	<p style="text-align: center;"><b>OPERATIONS</b> Leon Schwartz 281-0060</p>
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\*Plan design and benefit enhancements.

\*Responsible for handling payments to members in the **form** of retirement, death, cost of living adjustments, and refund payments for over 300,000 members.

\*Quality administration of a variety of member services, including: maintaining member accounts, updating beneficiary information, updating direct deposit requests, maintaining current addresses, assisting in service purchases, processing tax information, providing account statements, and compliance audits and training sessions for 2,386 employers.

\*Provide retirement estimates and counseling.

\*Manage a 17 billion dollar Trust Fund.

★ Oversee external money managers.

\*Coordinate the activities of the IPERS Investment Board.

\*Recommend and implement IPERS investment policy as approved by the Investment Board.

★ IPERS investment returns have ranked in the upper 13% of public pension funds that are over \$1 billion in size, for the five-year period ended **June 30, 2000**.

\*Oversee IPERS actuarial consultant.

\*Provide counsel to the Director, IPERS Staff, Investment Board, IPERS Members, retirees, and beneficiaries.

\*Provide counsel on plan qualification issues, all contracting issues, SEC issues, appeals, fiduciary standards, administrative rules, legislative changes, federal law changes, release of confidential information, Open Meetings law, collections, tax matters, assignments, benefit determinations, budget and management of IPERS Headquarters building.

\*Oversee the **creation**, publication, and distribution of over 700,000 mailings per year.

\*Manage the update of over 179 IPERS forms.

\*Review information on IPERS **Website**.

\*Internal Audit-new function designed to help identify and correct problems within IPERS system.

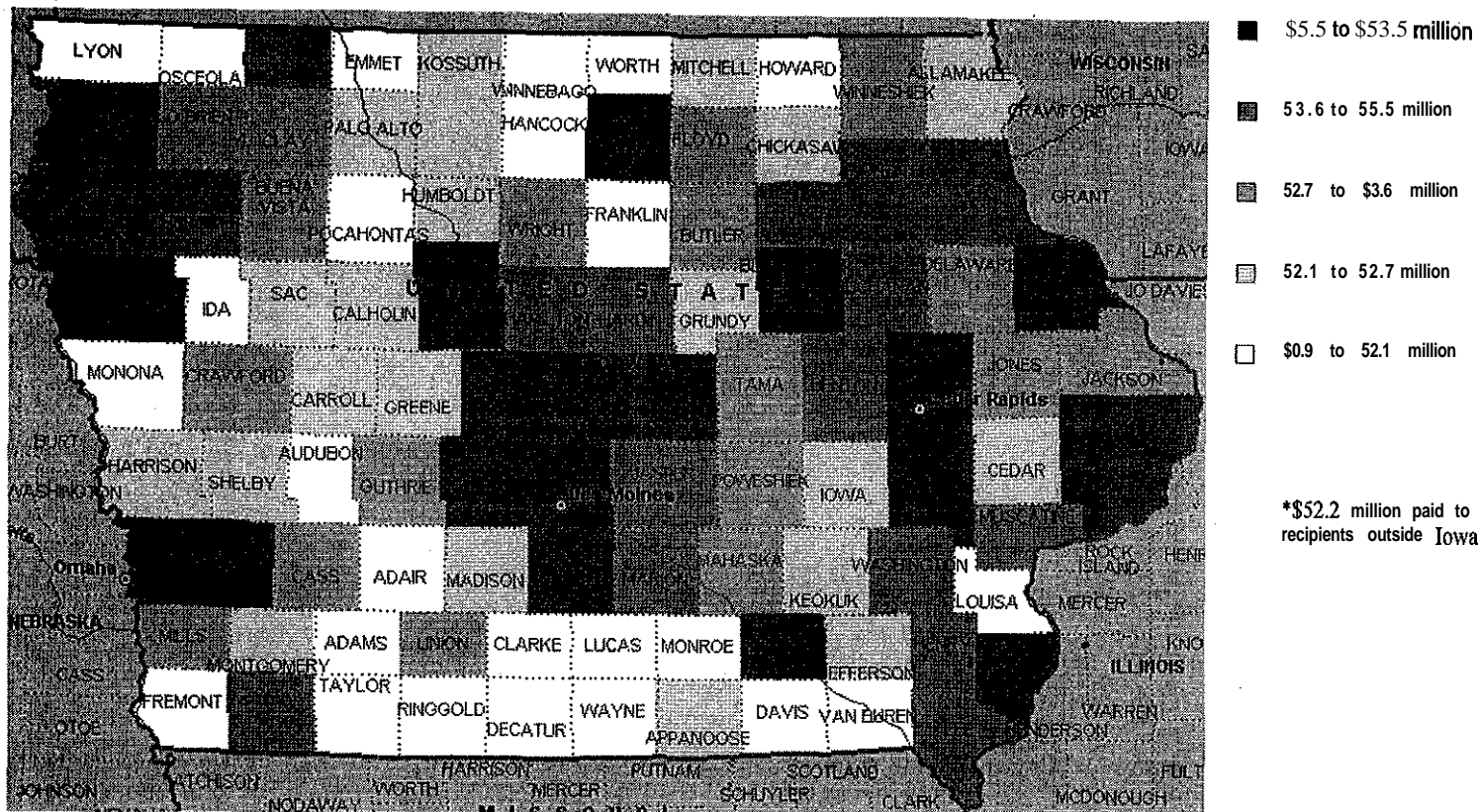
\*Support the on-going operations of IPERS activities.

\*Provide both investment related and operational accounting services.

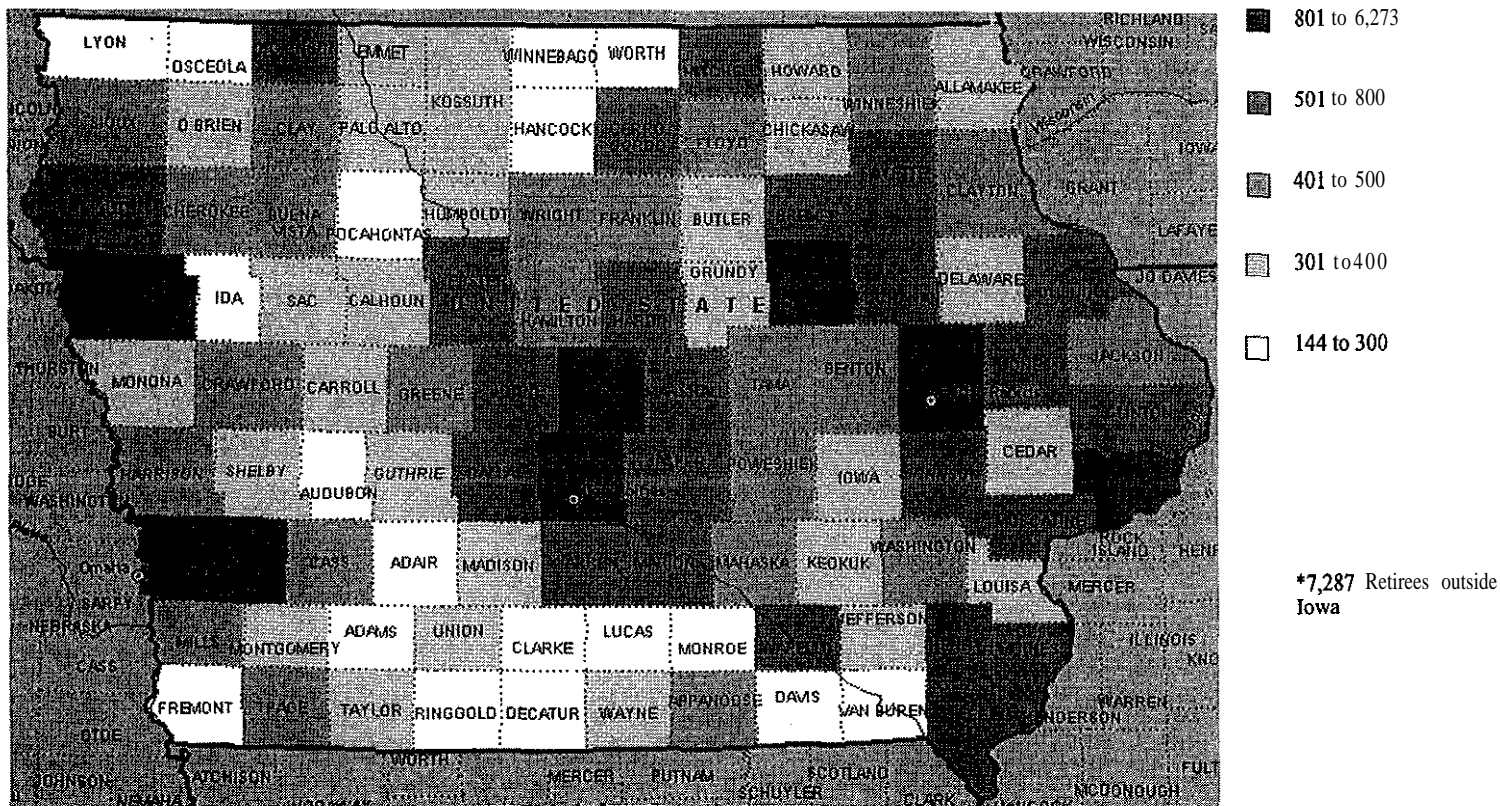
\*Support quality data control and information technology programs.

\*Support and maintain technology and physical infrastructure.

FY 2000 Retirement Benefits based on a Total of \$533,747,215

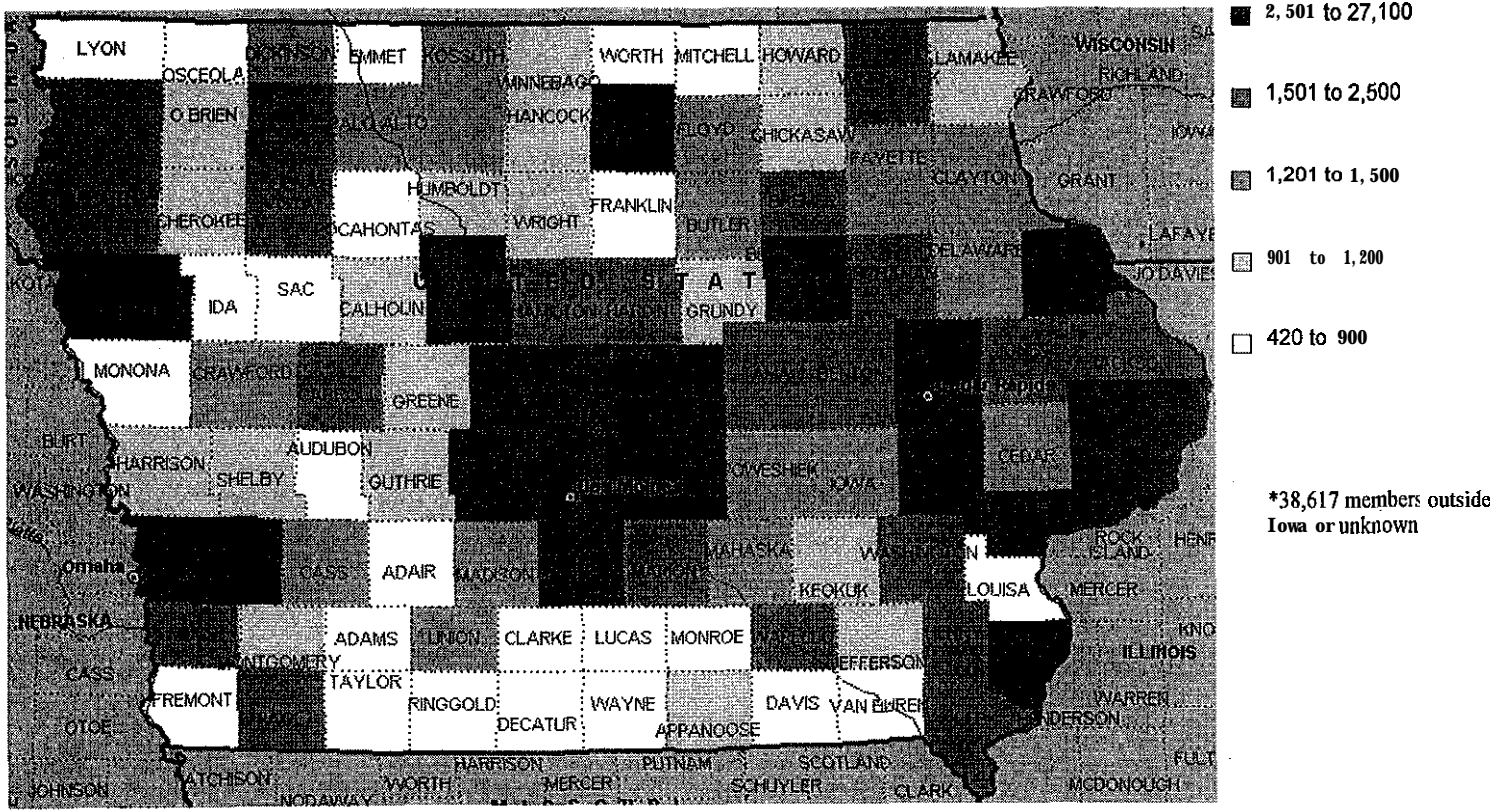


Retirees based on a Total of 68,637 paid in FY 2000



Total as of June 30, 2000 = 66,681

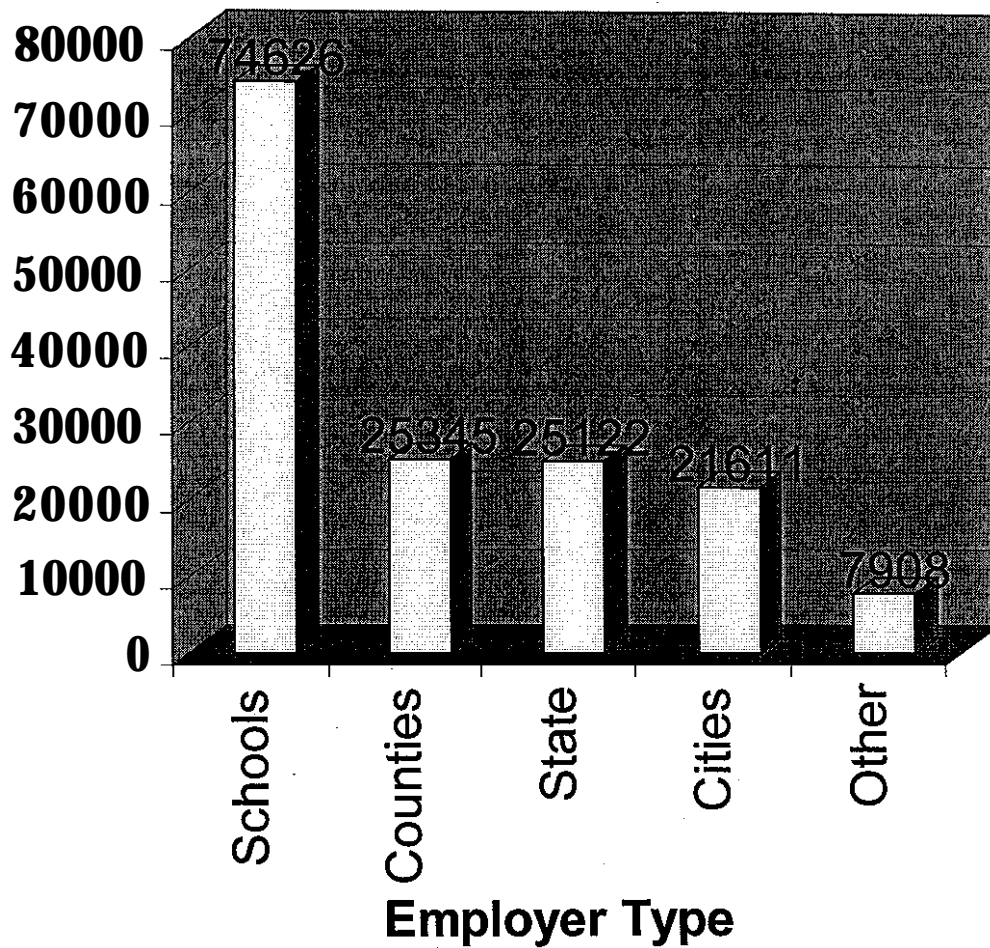
# Current IPERS Active and Inactive Membership



Total Membership as of June 30, 2000 = 245,634



## Active Members by Employer Type



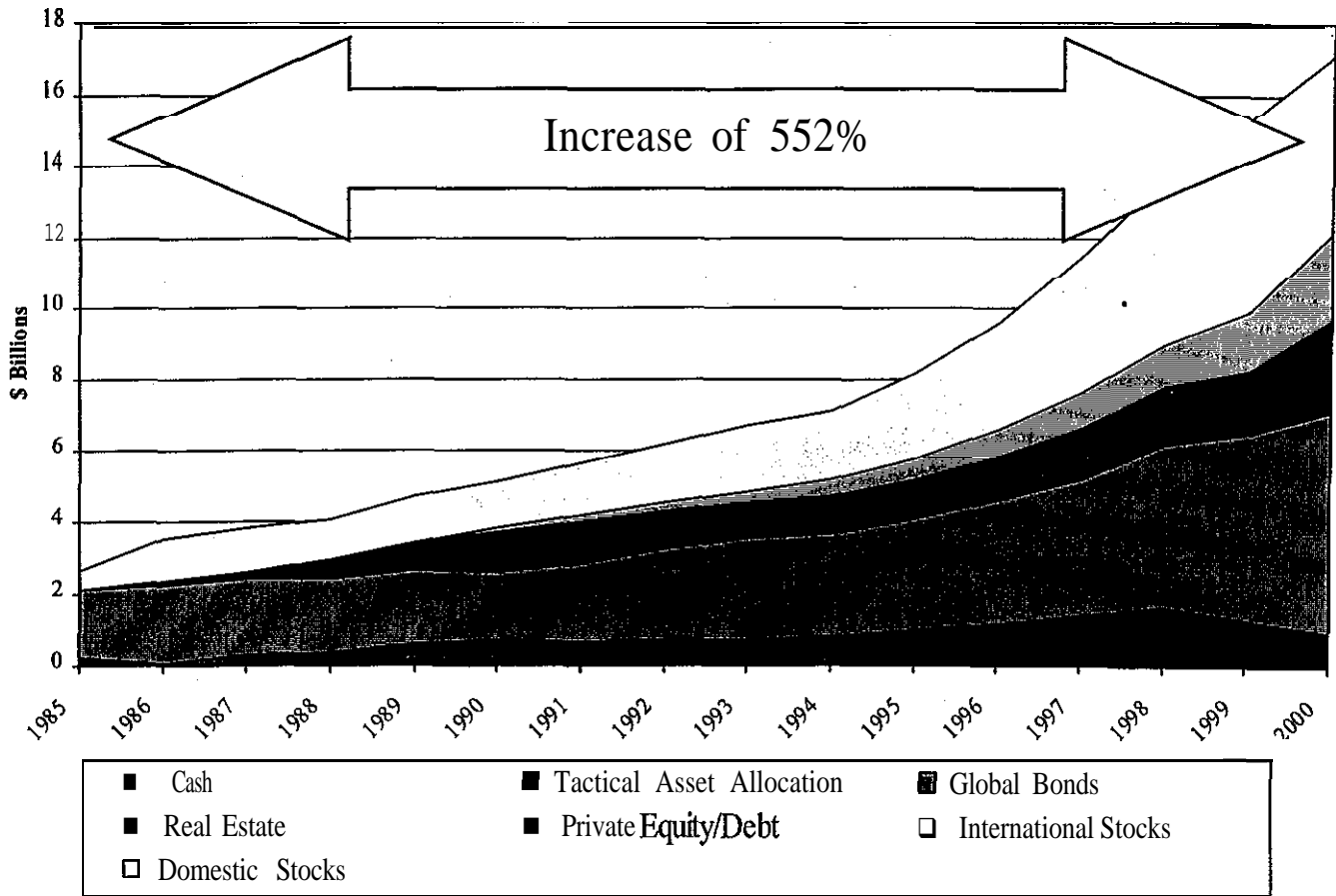
Total Employers: 2,386

Total IPERS Membership = 312,315

Retirees and Beneficiaries	66,681
Active Vested members	114,114
Active Non-vested members	40,498
Inactive Vested members	30,650
Inactive Non-vested members	60,372

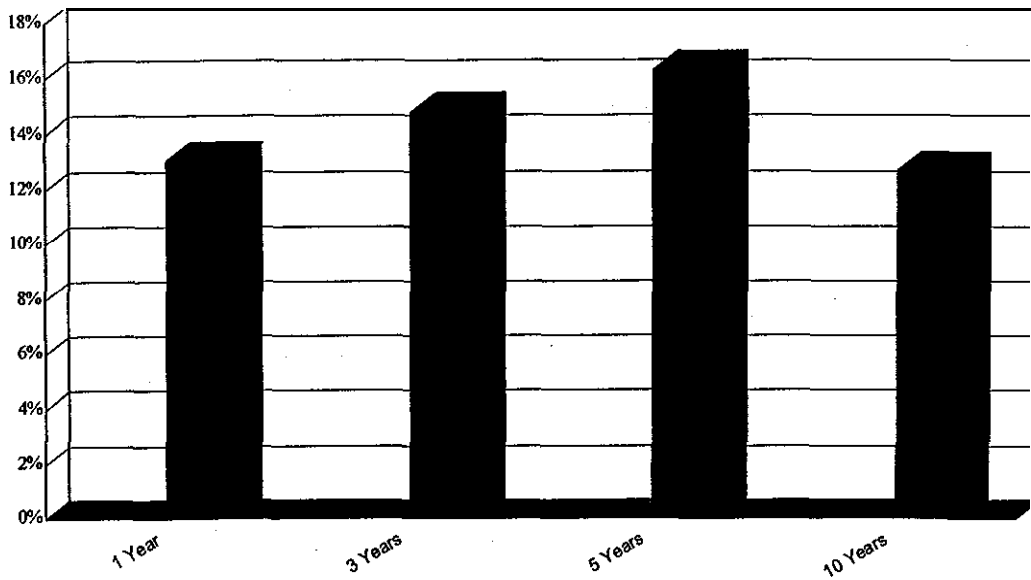
# Growth of IPERS Trust Fund Net Assets

As of each June 30

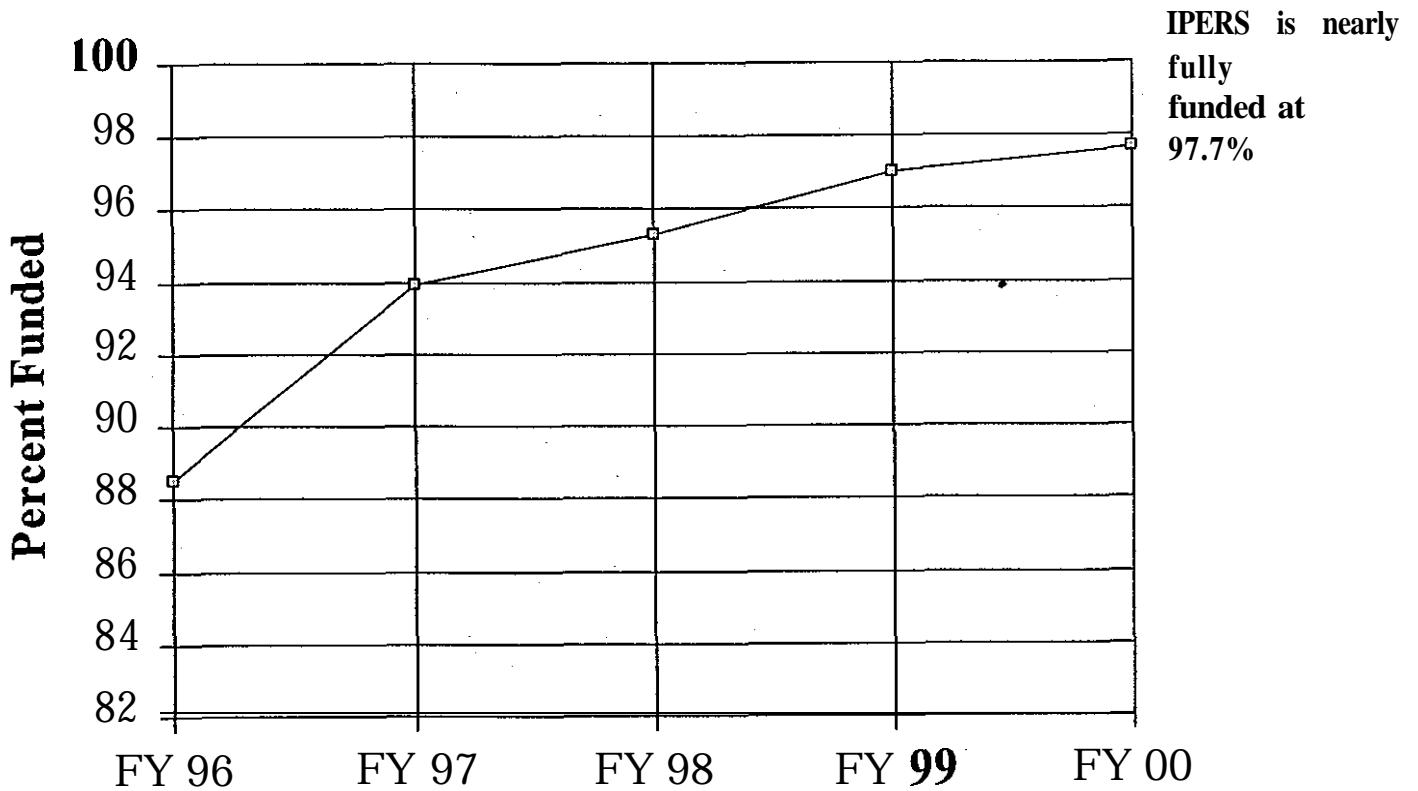


## IPERS' Investment Performance

Periods Ended 6/30/00



# IPERS Actuarial Funded Status



$$\text{Funded Ratio} = \frac{\text{IPERS' Actuarial Assets}}{\text{IPERS' Actuarial Liabilities}}$$

## Page 1 of the Executive Summary of the CBSI Report

The Iowa Public Employees' Retirement System (IPERS) is facing critical choices due to the predicted increase in **the** demand for services from its members. IPERS must:

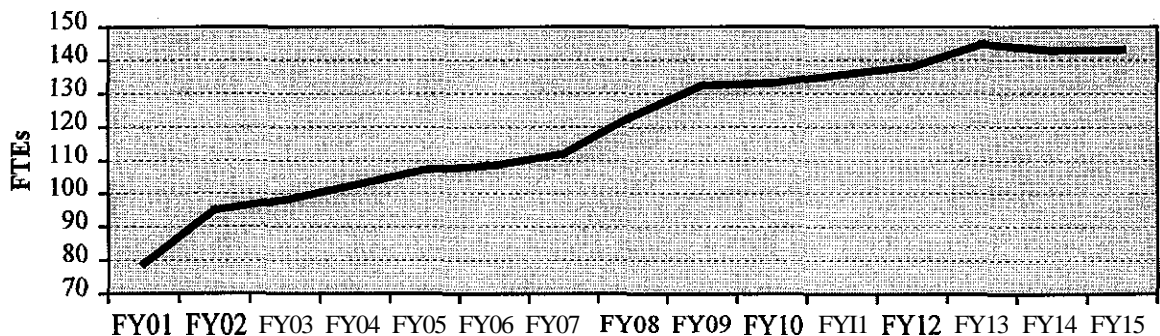
- *Dramatically increase staff, or*
- *Increase the investment in technology with a more modest increase in staff, or*
- *Significant& reduce member services.*

IPERS is facing a substantial rise in the demand for its services due to:

Increasing retirements due to the baby boomer bubble	An analysis of IPERS' members age and estimated retirement dates projects an increase of over 100% (4,641 in FY2000 to 9,311 in <b>FY2013</b> ) in the number of annual retirements that must be processed. The total number of retirees that are receiving benefits is projected by IPERS Actuary to grow <b>from</b> 66,681 in FY2000 to over 125,000 by FY2015.
Increasing member expectations	IPERS peer organizations in the financial services industry are providing more information and guidance to their customers and members. IPERS members will expect the <b>same level</b> of service, either through personal contact or electronic self-service.
Increasing retirement benefit complexity	IPERS benefits are changing with multiple options and complex eligibility criteria. These changes require more <b>resources</b> to be applied to the same transactions.
Increasing life expectancy of retiree's and survivors	Life expectancy for people in the U.S. has increased from 68 years in 1950 to almost 80 years today. This significantly increases the length of time that each member's retirement payments <b>are</b> processed and their service needs met.

Based on these factors, IPERS will have to increase staff to maintain the same level of member service currently provided. A projection of IPERS resource requirements indicates an increase in staff from the FY2001 level of 79 full time equivalents (FTEs) to almost 145 FTEs in FY2013.

**IPERS Staff Requirements**



Source: IPERS Resource Analysis and Demand Projection, December 2000, Complete Business Solutions, Inc.